



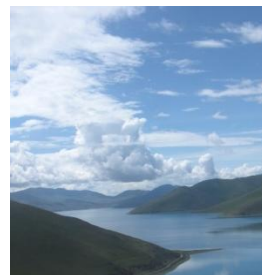
USAID
FROM THE AMERICAN PEOPLE

Quarterly Progress Report

2ND QUARTERLY REPORT APRIL – JUNE 2012

COMPETE PROJECT

Strengthening the competitiveness and export potential of
key sectors essential to the future prosperity of the
Palestinian economy



JULY 31, 2012

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ACRONYMS & ABBREVIATIONS

AHA	Arab Hotels Association
B2B	Business to Business
CIBER	Competitiveness Impact of Business Environment Reform
COP	Chief of Party
DQA	Data Quality Assessment
EU	European Union
FFS	Fancy Food Show
Geo-MIS	Geographical Management Information System
GLOBALGAP	Global Good Agricultural Practice
HLITOA	Holy Land Incoming Tour Operators Association
ICT	Information and Communications Technology
IOS	Internet Operating System
M&E	Monitoring and Evaluation
MoA	Ministry of Agriculture
MoTA	Ministry of Tourism and Antiquities
MoU	Memorandum of Understanding
NSFT	National Association for the Specialty Food Trade
PCARD	Palestinian Center for Agricultural Research & Development
PDF	Portable Document Format
PITA	Palestine Information Technology Association
PMEP	Performance Monitoring and Evaluation Plan
PPIS	Plant Protection Inspection Service
PPSQ	Plant Protection safety and Quality
PSI	Palestine Standards Institute
QR	Quarterly Report
RFQ	Request for Quotations
SME's	Small and Medium Enterprises
SOW	Scope of Work
UNIDO	United Nations Industrial Development Organization
USAID	United States Agency For International Development
USDA	U.S. Department for Agriculture

EXECUTIVE SUMMARY

This second quarterly report for the Compete project covers the progress and achievements made during the period of 1 April - 30 June 2012. The report follows activities laid out in the project's work plan, covering the period January 2012 - September 2012.

The Compete project aims to provide a combination of market information, solutions to unique constraints on Palestinian businesses, technical assistance, and training to Palestinian enterprises and business associations. Compete will accomplish its mission of addressing sectorial gaps that will enable Palestinian enterprises to identify significant economic opportunities in the international market, by targeting Palestinian firms with good potential for growth, ultimately contributing to a more prosperous Palestinian economy through greater export revenues and increased employment. There are three expected intermediate results of the project:

- Exports and investment increased
- Innovation of products and services increased
- Employment increased and job skills expanded

During this reporting period, Compete project has shown significant progress towards achieving its main goal to strengthen the competitiveness and export potential of key sectors of: agribusiness, tourism, information and communication technology, and stone and marble. The Project's accomplishments during this period included finalization of an array of contractual issues, engaging with Palestinian private sector organizations, selected governmental institutions and other stakeholders to address the areas of engagement, development of work plans and proposals, and implementation of project activities locally, regionally and in international markets.

KEY ACHIEVEMENTS

PALESTINIAN PRODUCTS SHOWCASED IN BIGGEST SPECIALTY FOOD SHOW IN NORTH AMERICA

In June 2012, four Palestinian food processor companies travelled to Washington, DC, to participate in the *Fancy Food Trade Show* North America's largest specialty food exhibition. Cannan Fair Trade, Al Nakheel, Al-Hithnawi and West Bank Sea Salt, with the support of the Compete project, showcased their finest products in the central Palestinian Pavilion. The exhibition was visited by over 24,000 people including wholesalers, retailers, restaurants, and suppliers that provided an opportunity for networking and exploring new market penetration opportunities. The end result was over 200 business leads and several promising contracts for mixed containers of Palestinian products. Exhibition visitors also enjoyed a taste of the Palestinian cuisine prepared by a renowned chef at the Palestinian Pavilion cooking station. Compete also supported the publication of a recipes booklet produced specially for distribution at the FFS.

DIGITAL TOURISM IN THE PALESTINIAN TERRITORIES

The Palestinian Tourism Industry needs to make the shift to Digital Tourism to stay competitive in this rapidly changing market; and the Palestinian ICT sector has a unique but time-sensitive opportunity to seize the potential to develop tourism tailored solutions for both the domestic and regional tourism markets.

Digital Tourism seminars organized by Compete project on June 25th, 26th and 27th stimulated industry stakeholders to recognize opportunities open to those that move to digital. Tourism expert Damian Cook's inspiring analysis during the seminars was considered by many to be an eye-opener to the wide-reaching opportunities presented by digital tourism. Two of the seminars were held in Bethlehem and a third in Ramallah were attended by a wide array of tourism sector stakeholders, ICT firms as well as Palestinian public relations and marketing companies. In total, over 150 participants attended these seminars that also received wide press coverage.

INTERNATIONAL LABORATORY ACCREDITATION WORKSHOP

On May 16, 2012, the Compete Project and the Palestinian Standards Institute (PSI) jointly organized an awareness raising workshop in Ramallah on the importance of international accreditation in reaching global food markets. Mr. Abdul Hafiz Nofal, Deputy Minister of National Economy, stressed the significant role of international accreditation in the development of various Palestinian Industries, particularly fresh produce. Compete called in Mr. Moslem Barrak of UNIDO shared his organization's experience on best methods to achieve international accreditation. Mr. Barrak emphasized the importance of labs location and quality infrastructure to support competitiveness, types of international recognition available, and need for high quality assurance processes of test results tools. As a result of the workshop, solicitations were received from eight laboratories for international accreditation support from Compete.

OBJECTIVES AND PROGRESS:

AGRIBUSINESS SECTOR

INTRODUCTION:

To transform the agribusiness sector into a globally competitive industry, Compete project works sector-wide, with stakeholders, local authorities, and key actors to help them access and maximize the use of resources and technologies to increase and sustain competitiveness. Key results areas are:

- Introducing modern technologies to increase production and limit infestation in fresh herbs and fresh vegetables;
- Applying innovative methods to resolve water scarcity issues and increase the quality and volume of productivity in arid areas such as the Jordan Valley;
- Supporting production practices based on internationally recognized standards to gain recognition as a reliable and safe source within global markets;
- Increasing product diversification and added value to expand domestic and international market penetration;
- Linking local and international buyers to the commercial agribusiness industry in the Palestinian Territories and assist enterprises to win and retain consumer loyalty by providing quality food products.

All agriculture sector activities and interventions have been designed and geared toward achieving the aforementioned objectives, reinforcing Compete's results-oriented approach. During this reporting period, the agriculture sector team jumpstarted a series of its planned activities. The following is an update on the progress of these activities under each objective.

OBJECTIVE: IMPROVE WATER QUALITY BY MAGNETIC TREATMENT PLANT

SALINE WATER TREATMENT DEMOS

To resolve water salinity issue in farms in the Jordan valley, Compete Project is setting up four magnetic water treatment demos using the Aqua 4-D system, a new technology that makes saline water more soluble. The introduction of this solution will strengthen the productivity and quality of produce, increasing its competitiveness in international markets. During the month of August, four demos will be implemented on dates, fresh herbs, seedless grapes and vegetables.

Progress to date: In May, an assessment study was conducted to measure the actual results of the Aqua 4 D use on produce in Tunisian farms utilizing the network of a sister-DAI project operating out of Tunis. The study recorded positive results in terms of reduction of fertilizer use by over 20%, and a better yield in size of fruit, with a substantial reduction in nematode infestation. Based on these results, Compete started preparations

In early June for the set-up of 4 demos in farms spread over the Jordan Valley, and succeeded in attaining their full commitment to engage in this process. The firms are Faysel Grape farm in Zbeidat village, producer of seedless grapes, Jerusalem Co. for Agriculture Production and Development Company in Al Ouja, producer of Medjool dates, AgriPal producer of fresh herbs and fresh produce and Thimar Company, producer of fresh herbs. Four units of Aqua 4-D system are being manufactured in Switzerland and will be installed in the 4 allocated sites in late August. Two local agronomists have been contracted to continuously monitor and collect data from the 4 demo sites. They will work jointly with a Swiss team who will help in the installation of the units and in training the farmers.

OBJECTIVE: LINKING LOCAL VALUE CHAIN TO INTERNATIONAL VALUE CHAIN

TRADE SHOW PARTICIPATION:

Four Palestinian food processors were able to showcase their products in the biggest specialty food show in North America, the Summer Fancy Food Show in Washington DC that ran from June 17- June 19. Participation in the trade show, supported by Compete project, helped in capturing new market leads and buyers, and provided great potential for

direct sales. It allowed the 4 Palestinian food processors the opportunity to expand their market penetration with the immediate results of over 200 serious business leads and several promising contacts for mix containers. Moreover, a number of the Palestinian companies were approached by the White House Guest Chef to endorse their products and several samples have been arranged for further testing.

The pavilion entitled “Palestinian Delicatessen” had 5 booths and one cooking station that offered visitors a taste of Palestinian cuisine with a Compete developed recipes booklet for this event. Cannan Fair Trade, Al-Hathnawi General Trade Company, West Bank Salt Works Ltd, and Nakheel were the companies that showcased their products which represented a range of the finest Palestinian produce from fair trade olive oil and olive oil tapenade to Medjool dates from Jericho, unique natural salt from the Dead Sea, Zatar, Frekeh and Maftool from the Nablus region.

FFS is organized twice a year by the National Association for the Specialty Food Trade (NSFT) a US not-for-profit business trade association established to foster trade. This year, the show received over 24,000 visitors and 2,400 exhibitors and exhibited more than 180,000 products from 80 countries and regions. The trade visitors were wholesalers, retailers, importers and exporters who come to the show to secure new products, new suppliers and to see where the market is heading, thus a great exposure and networking opportunity for all participants, and particularly for the Palestinian exhibitors.

Following upon this success, the Compete team made the necessary booking to guarantee Palestinian representation in FFS Winter Show to be held in New York, with preparatory planning for a Compete supported attendance at the World Food Moscow show which will take place September 17-20, 2012. Palestinian companies’ exposure will provide an opportunity to seek new market linkages with the fast growing Eastern European markets.

OBJECTIVE: INCREASE YIELD, QUALITY, VALUE ADDED AND COMPETITIVENESS OF PALESTINIAN OLIVE OIL.

OLIVE AND OLIVE OIL DEMO ROLL OUT

During this reporting period, Compete has been preparing for the roll out of 60 additional demonstration pilots on techniques to expand olive production across the West Bank. Building on previous USAID support,

this activity seeks to demonstrate to over 3,000 Palestinian farmers the beneficial impact of updated and specific agriculture practices – supplementary irrigation, tree maintenance, harvesting and post-harvest activities – on the olive production in both quantity and quality.

Progress to date: In May, the Compete agricultural team went on a field visit to a previous USAID olive demo on which core team members participated. Their previous research experience and current field observations has shown that supplemental irrigation of rain-fed olive groves and the addition of organic fertilizers had achieved very positive results on productivity with an average 280% increase in oil production in comparison to traditional practices (increase from 6 to 16 kilograms per tree). The team pointed out that mass production using these proven methods will enable olive oil producers to compete in global market as this level of productivity gains can easily cover all incremental costs of implementing new production techniques.

The team's preparatory work during the May/June period also included examination of the efficiency and cost effectiveness of using colored and pheromone traps in reducing the damage of olive fruit flies. Their key findings indicate that the control of the olive fruit flies by using colored traps and waste water will supplement and help sustain increased productivity of high quality olive oil.

In early June, the Palestinian Center for Agricultural Research & Development (PCARD) submitted a proposal to roll out 60 demos to replicate the previous USAID pilot and to train the farmers; Compete team reviewed the proposal and prepared a draft grant contract, which is being finalized and will be signed with PCARD by the end of July.

Ongoing field visits and meetings resulted in farmers' buy in and willingness to gradually replicate this experience on a larger scale. Farmers also expressed the need for further awareness workshops and training courses to disseminate and share the information and experience. The farmers will be trained on applying these production enhancing practices and this will result in increased incomes and job creation. Throughout the implementation of this activity, close coordination will take place with the Ministry of Agriculture (MoA) and private sector stakeholders to support local sustainability and widespread dissemination of results.

OBJECTIVE: REGULATE & ENFORCE QUALITY STANDARDS TO COMPETE IN GLOBAL MARKET

ORGANIZE FRESH HERBS SECTOR:

Organizing the Fresh Herbs Sector would support its adoption of a Best Practices Protocol to satisfy international market standards and requirements such as pesticide usage, residue limits and sanitary and phytosanitary issues. The Compete team made significant progress in this regard through a mapping exercise of the Fresh Herbs stakeholders in May 2012; with follow-up one-on-one basis in consultations with industry leaders order to promote the concept. The team also established open channels of communication with the Ministry of Agriculture (MoA) and the Ministry of Labor (MoL) to ensure their support and collaboration.

OBJECTIVE: ADDRESS MARKET NEEDS, AND ADAPT TO SOIL CONDITIONS THROUGH GRAFTING

UPGRADING OF NURSERIES FACILITIES:

Compete is assisting the upgrade and qualification of Palestinian nurseries in order to provide high quality grafting and fresh herbs seedlings at reasonable prices. As a precursor to the upgrade, a gap analysis benchmarked against the GLOBALGAP and grafting systems was initiated in June. Upon finalization and discussion with stakeholders and USAID/COR, Compete will then upgrade nursery facilities by transferring knowledge of grafting systems and by cost sharing the infrastructure modification costs to comply with the GLOBALGAP system.

Progress to date: During the month of April the agricultural sector team carried out a number of field visits to different Palestinian nurseries and spoke to both farmers and nursery owners, got their feedback on the significance of the upgrade to their business. In May, the team was able to identify three nurseries, the selection process was based on production of fresh produce and fresh herbs seedlings that are directed for export and for having the basic infrastructure for the grafting system. The three nurseries are: Al-Juneidy Nursery in Nablus governorate, Atta Abu Elrob Nursery in Jenin Governorate, Alar Modern Nursery in Tulkarem governorate. During the same period, the team also developed SOW for three gap assessments and hired a consultant who already completed one gap assessment and is expected to complete the other two before the end of July.

Based on the first gap assessment findings, Compete team will issue the RFQ for lab ISO 17025 accreditation and RFQ for Lab machinery equipment, as per the planned milestone. Furthermore, a workshop on international accreditation was organized on May 16h by Compete and PSI, and resulted in the solicitation of eight labs to acquire international accreditation. The two other Gap assessments will be carried out and should be completed by end of July.

OBJECTIVE: SKILLS ENHANCEMENT TO ENABLE PROVISION OF NEEDED SERVICES

CAPACITY BUILDING FOR MOA PLANT PROTECTION SERVICES STAFF AND FRESH HERBS AGRONOMISTS

Fresh herbs that are exported to the US market need to meet USDA inspectors recommendations, which would require building the capacity of MoA plant protection services staff and fresh herbs agronomists. Their skills enhancement will improve PPSQ and sustain the qualifications of PPIS inspectors of fresh herbs produces .During the May-June period, Compete project in discussion with stakeholders and USAID designed a 1 support program of technical assistance to enhance the knowledge and skills of PPS staff and fresh herbs agronomists at the MoA. Training topics will focus on several inspection processes such as: pest inspection tools, identifying species of insects and recommending best pest control intervention. Compete will also provide inspection tool kits to four PPIS departments inspectors.

To date, Compete has been engaged with the MoA to formalize the framework for their joint support and cooperation, and a draft MoU is being finalized with signature expected in August that will encompass a wide-ranging series of support initiatives.

PROGRESS UPDATE IN OTHER AGRICULTURE SECTOR ACTIVITIES

The agribusiness team has been working to jumpstart all 22 planned activities. While some activities such as those cited above have already reached planned milestones, others are in the preparatory stages and are expected to see traction and milestones achieved within the next quarter.

Agribusiness preparatory work carried out during the reporting period includes : data collection, review of proposals and requests for assistance, drafting of MoUs to set out cooperation framework with the project partners (e.g MoA, Al-Salam Factory), preparation of paper work for grant processing, identification and selection of consultants, selection and vetting of beneficiaries.

OBJECTIVES AND PROGRESS:

TOURISM SECTOR

INTRODUCTION:

To leverage work previously undertaken by USAID, the Compete Project will implement a series of strategic interventions in three key areas that will develop a strong platform to support growth in Palestinian tourism:

- **Support target market development by identifying and developing support services to industry stakeholders.**
- **Support expansion of the product offerings to respond to the demand of customer-centric, customized authentic experiences.**
- **Help strengthen service standards across the sector through the development and implementation of vital skills.**

OBJECTIVE: IMPROVING THE QUALITY OF PRODUCTS AND SERVICES IN THE TOURISM INDUSTRY

To identify the most strategic and critical areas in need of support in the tourism sector, the Compete team conducted several meetings with the sector's stakeholders in April 2012. Stakeholders included representatives from major institutions such as the Arab Tourist Guides Union, Bethlehem University, Diyafa Consortium, Bethlehem Chamber of Commerce & Industry, Jericho Cable Car Project & Resort Village, Palestine Wildlife Society, Holy Land Incoming Tour Operators Association, the Arab Hotels Association, the Ministry of Tourism and Antiquities. Feedback received from the industry confirmed the need to:

- Increase the value of tourism
- Attract more lucrative visitors
- Increase capacity in marketing, service and quality standards fields
- Focus on workforce development to provide a larger and more qualified set of skilled labor.

HOTEL CLASSIFICATION

A hotel classification system was highlighted as a key step toward creating clarity and consistency around the quality and standards of facilities, products and services offered to visitors. Effective hotel classification works two ways as it enables local and international visitors expect a certain level of service, and also ensures that hoteliers and hotel entrepreneurs know what is expected from them.

In May 2012, the national Working Group agreed to a two-stage Hotel Classification System:

- The first stage entails the implementation of a mandatory hotel classification system that is managed by MoTA. Based on industry stakeholders recommendations, this system would be a customized version of the Jordanian System.
- The second stage entails the implementation of an optional classification system. This value-added classification system would leverage unique opportunities created by international consumer demand (e.g. eco-tourism.) This system will be managed by AHA.

In June, Compete secured the services of two highly regarded consultants one of which is the Jordanian tourism expert who developed the Jordanian Hotel Classification system and a Palestinian tourism expert with over 20 years of experience in the industry formerly the executive director of the AHA. Both consultants are working jointly to develop a Palestinian custom-tailored adaptation of the Jordanian system.

DIGITAL MARKETING CAPACITY

Through the more effective usage of digital media solutions, Palestinians could create a stronger market level competitive advantage, becoming a tourism marketing player globally.

In June, Compete started the implementation of this activity by undertaking an assessment of the digital marketing capacity of both the tourism and ICT sectors.

Throughout the month of June the Compete tourism and ICT teams continued meetings and discussions with stakeholders to finalize the assessment and to explore the potential for developing the industry's

digital capacity. Representatives from Intertech, Omega Web Company, Dimensions Studio, PalPay, Ultimit, Al Nasher, Infinite Tiers, and PITA took part in these meetings.

Compete also organized two seminars entitled "Going Digital – Seizing the Tourism Opportunity": one was held in Bethlehem city on the 25th of June and the other in Ramallah city on the 26th of June. More than 100 people participated in these seminars, representing major industry stakeholders, including tourism and marketing companies.

Another seminar for the ICT sector was held on the 27th of June in Ramallah city. Over 40 people attended the session, including IT company owners, solution developers, as well as PITA.

During these seminars, Compete announced the launch of web-clinics, a follow on activity that aims to provide interested participants/companies with the opportunity to have their websites reviewed by e-tourism experts, and to demonstrate easy steps and solutions to help them convert into digital tourism.

OBJECTIVE: DEVELOPMENT OF TOURISM OFFERINGS THROUGH SITE RENOVATION

RENOVATION OF 18 SITES

Palestinian tourism success relies largely on the quality and image of the tourism offerings. Throughout 2013/13 Compete's focus will be on the selection of priority sites with highest tourism potential and the implementation of the renovation program in collaboration with our private and public sector stakeholder partners.

In early June, Compete held a number of meetings with the different industry stakeholders to ensure their understanding and support of Compete's intervention, particularly the site renovation and CIBER assessment. Compete then secured the service of international consultant to begin the site renovation value chain analysis of the actual sites, intervention requirements and potential economic benefit to the local community in conjunction with a CIBER assessment.

OBJECTIVE: ENHANCE THE CAPACITY OF PALESTINIAN TOURISM PROFESSIONALS

HOSPITALITY SCHOOL

One of the main goals of the Compete Project is to increase the volume and availability of service level staff within the labor force, to leverage opportunities already highlighted under previous USAID projects.

In June, Compete secured the services of DIYAFA - Hospitality Management Group, the leading Palestinian consultancy firms to undertake baseline research to support the development of a feasibility program for a hospitality school service. Key deliverables of the baseline includes:

- An assessment of the system of hospitality education currently offered and the mapping of key stakeholders of that system;
- A gap analysis and review of current and perspective future employment levels.
- A review of industry quality, services and manpower capacity building gaps.

OBJECTIVE: SUPPORT BETHLEHEM MASTER PLAN IMPLEMENTATION

BETHLEHEM SIGNAGE PLAN

The Bethlehem Master plan is a critical component of the sector strategy to develop Palestinian tourism. This activity directly contributes to an increase of Palestinian products/services as defined in the Bethlehem Master Plan.

Several meetings were held in May/June with the of Bethlehem Master Plan Working Group, which led to an agreement on areas of support, one of which is the signage plan developed but never implemented under a previous USAID project:

Compete support to the implementation of the signage plan includes:

- Sites to be sign-posted
- Location for all directional signs
- Welcome signs on entry into Bethlehem, Beit Sahour, Beit Jala and other relevant entry points

- Arrival board (with a map highlighting attractions and sites)
- Budget breakdown for the site signage
- Presentation boards and mapping of all sites and signs

OBJECTIVES AND PROGRESS:

INFORMATION & COMMUNICATIONS TECHNOLOGY SECTOR

INTRODUCTION:

Providing better tailored solutions, expanding the direct presence of ICT multinational companies in the Palestinian Territories, developing Palestinian human resources, and an enabling and open ICT environment are the elements needed for the dynamic change that will help in the transformation of the Palestinian ICT sector to a globally competitive player, resulting in significant increases in exports and employment.

OBJECTIVE: SUPPORT THE ACHIEVEMENT OF NEW CONTRACTS, JOB CREATION AND EXPORTS

PDF PROJECT WITH PROGINEER

During the May/June period the Compete ICT team developed a grant-funded initiative with a leading innovative Palestinian ICT firm - Progineer to establish a development unit in Ramallah. The project aims at supporting Progineer efforts to build capacity and skills necessary to secure the research and development contracted business from a leading US-based firm – PDF - which is currently outsourced to India. PDF is a US based company that develops software for the semi-conductor business and has a \$14 million USD R&D budget. Over 3 years Progineer forecasts to increase its secured share of PDFs current R&D budget from 9% to 25% leading to a major increase in employment and exports. In addition, Progineer will offer internships to several Palestinian students and graduates on annual basis to learn more of this unique technology and engage local universities to change the current IT curriculum taught at Palestinian Universities.

MULTINATIONAL DEVELOPMENT PROGRAM WITH INTEL LIVEPERSON, AND EMC

Creating multinational partnerships is an initiative that aims to improve the availability and quality of ICT professionals experienced in firms at the leading-edge of market driven technology, enabling Palestinian IT

companies to gain expertise needed to compete in the e-sourcing market, export services and solutions. The Compete Project encourages cooperation with multinational IT companies such as Intel, Liveperson, and EMC by outsourcing “live” projects to Palestinian companies that will hire fresh graduates to deliver per contract.

During the month of June, the Compete team discussed the possibility of expanding the Intel project with two Palestinian firms (ASAL and Jaffa Net), and plans are in place for the coming period to meet Intel to learn more about their plans and to move ahead with the program.

THE APPLE IOS DEVELOPMENT CENTER OF EXCELLENCE

The proposal that outlines the relationship between the Apple iOS Development Center of Excellence, owned by Infinite Tiers, and the Compete Project was finalized during this period. The goal of this partnership is to develop deep knowledge in agile technologies and mobile applications, especially for Android and Apple applications.

OBJECTIVE: ENABLING THE ICT SECTOR TO CONNECT WITH THE DIASPORA LIVING ABROAD--PARTICULARLY IN THE U.S., MOTIVATING THEM TO INVEST IN THE PALESTINIAN ICT SECTOR

This activity aims to engage the Palestinian diaspora to provide support and mentoring to local entrepreneurs, Palestinian companies, and new investments. Ultimately, this activity contributes to achieving one of the main objectives of the Compete Project, which are the innovation of products and the increase of services.

Given the important role PITA plays within the ICT sector and the methodology they have to foster the relation with the diaspora, the Compete Project will leverage their resources and support them with needed funds to execute this activity. During May, a series of meetings were conducted with PITA to discuss the working plan, focusing on the ways to attract diaspora Palestinians, especially those living in the US, and the plan to design an exchange program where new Palestinian graduates work as interns at Palestinian-Arab linked organizations and firms to build their capacities and skills.

OBJECTIVES AND PROGRESS:

MARBLE AND STONE SECTOR

INTRODUCTION:

Already a major contributor to the Palestinian economy, the Compete Project will implement a vibrant approach in its intervention with the Stone & Marble sector in order to address major sector challenges and to support a more globally competitive industry.

OBJECTIVE: IDENTIFYING POSSIBLE BUSINESS SOLUTIONS, FEASIBILITY STUDY, ALTERNATIVE USES FOR THE SLURRY AND OTHER POSSIBLE ENVIRONMENTAL CHALLENGES

CIBER

Selecting the CIBER team and completing their scope of work was one of the main achievements during the month of April. This was considered a critical starting point for the process that aims to guide stakeholders in prioritizing business environment reforms and formulating a strategy designed to promote these reforms. The sectors local CIBER team members are:

- Eng. Jawad salam Herbawi, Industry Expert
- Dr. Belal Fallah, Economist
- Dr. Nader Al-Khateeb, Geological Engineer, wastewater treatment and environmental management

The scope of work of the team is now complete. Several meetings between the team and the stakeholders were held during this period, in addition to a number of field visits that were conducted.

CIBER assessment is still in process and is expected to be completed by September. A follow up workshop will be conducted on the 10th of September.

OBJECTIVE: ASSIST PALESTINIAN COMPANIES TO REACH GLOBAL MARKETS

PARTNERSHIP WITH SPECIALIZED MARKETING FIRMS

The majority of targeted export ready SME's in this industry lack market intelligence, and the methods and experience to access new markets, despite the fact that they have made significant investments in new machines. For this reason, the Compete Project is eager to facilitate the formation of B2B partnerships with specialized marketing companies to link export-ready SME's to global markets by assisting them in developing promotional materials that meet international standards and provide continuous market intelligence. During the May/June period a number of meetings were held with candidate marketing companies where discussion revolved around specific areas of engagement. At the end of June one of the leading firms developed in collaboration with Compete the framework for cooperation, and the budget for participation at the the Big 5 trade show in Dubai and an initial list of 2nd tier companies that the firm it will represent in a group marketing arrangement .

TRADE SHOW

In cooperation with the specialized marketing firm, the Union of Stone and Marble and the sector stakeholders, Compete Project is supporting the participation of Palestinian manufacturers in upcoming trade shows. Participation of the Palestinian manufacturers in the leading trade exhibition in Verona, Italy provides the opportunity to exhibit Palestinian stone and marble, and enables the Palestinian sector knowledge acquisition of recycling technologies to address sludge formed during manufacturing and also assess new product and investment opportunities.

MONITORING & EVALUATION UPDATE:

During this past quarter, Monitoring and Evaluation work focused on a number of issues, including the following:

- development of the PMEP
- the list of indicators and targets
- DQA matrix on data collection and validation,
- written procedures/protocols for data collection
- project intermediate results,
- templates and questionnaires for data collection,
- created company profiles.

The Performance Monitoring and Evaluation Plan had been revised and will be resubmitted by the end of July. The document represents the second revised PMEP for Compete project. The revised version incorporates major changes in comparison to the previous plan. It tries to capture the true intended results with respect to the implemented activities and provides a realistic approach to tracking and measuring progress through specific indicators at a sector level, in addition to cross-cutting indicators.

M&E team attended four refresher workshops organized by USAID held in Jerusalem, Ramallah and Tel-Aviv for Geo-MIS and TraiNet to get all updates with respect to USAID reporting.

M&E team also attended “Compete Post Award Conference” held in Tel-Aviv to become more familiar and get a comprehensive knowledge of USAID regulations related to the project’s implementation. Moreover, M&E team has been working very closely with Component Leads and in consultation with USAID representatives, under the supervision of Compete COP to develop, review and finalize all issues regarding the PMEP.

The report annexes include a table produced by the M&E of management indicators, capturing Compete project baseline and target numbers.

CHALLENGES:

The elongated start-up phase of the Compete project was a direct result of the highly public delay in the funding obligation due to pronounced exercise of Congressional oversight. This gave rise to much miscommunication to and within the Palestinian business community's to the objectives and intent of USAID's Compete project. During the course of the reporting period senior management of the Compete team together with staff of USAID especially the COR were successful in clearing any misunderstanding among key business and PA leaders.

There were two key systemic challenges faced during the April – June 2012 reporting period only one of which has been successfully overcome. The Compete project telecoms and computer equipment which was purchased and configured in the United States by DAI was held by Israeli Customs and other government officials for over three months upon arrival at Ben Gurion Airport. After prolonged interaction and the much appreciated intervention of USAID's logistic manager, the project equipment was released in late June 2012.

A second and on-going challenge faced jointly by Compete and USAID/WBG that has a direct and binding impact of the pace of implementation of the agreed strategy and 1st year work plan is the requirement for “vetting” of in effect all beneficiaries, local sub-contractors and grant recipients of USAID's Compete support.

The “zero tolerance” for non-compliance of vetting procedures and protocols is fully supported by Compete senior management and staff and we will work closely with our USAID/WBG colleagues to support the vetting process. Nevertheless, the continuing and growing delays in receiving notification to proceed for hundreds of vetting submissions in the system presents a potential serious impediment to the implementation timelines for the next quarter of 2012.

ANNEXES:

ANNEX 1: FINANCIAL UPDATE

(Attached PDF Document)

ANNEX 2: MANAGEMENT INDICATORS, COMPETE BASELINE AND TARGET NUMBERS TABLE

(Attached word document)

ANNEX 3: MEDIA COVERAGE AND VISIBILITY

(Attached word & PDF documents)